

**Final Rule**

LSA Document #06-77(F)

**DIGEST**

Amends [760 IAC 3-3-1](#) to update the definition of Medicare eligible expenses to be consistent with the National Association of Insurance Commissioner model Medicare supplement insurance minimum standards model act. Effective 30 days after filing with the Publisher.

**[760 IAC 3-3-1](#)**

SECTION 1. [760 IAC 3-3-1](#) IS AMENDED TO READ AS FOLLOWS:

**[760 IAC 3-3-1](#) Policy definitions and terms**

**Authority:** [IC 27-8-13-9](#); [IC 27-8-13-10](#); [IC 27-8-13-10.1](#)

**Affected:** [IC 27-8-13-1](#)

Sec. 1. (a) No policy or certificate may be advertised, solicited, or issued for delivery in this state as a Medicare supplement policy or certificate unless such policy or certificate contains definitions or terms ~~which~~ **that** conform to the requirements of this article.

(b) "Accident", "accidental injury", or "accidental means" ~~shall be defined~~ **means** to employ "result" language and shall not include words ~~which~~ **that** establish an accidental means test or use words such as "external, violent, visible wounds" or similar words of description or characterization and as follows:

(1) The definition shall not be more restrictive than the following: "Injury or injuries for which benefits are provided means accidental bodily injury sustained by the insured person, which is the direct result of an accident, independent of disease or bodily infirmity or any other cause, and occurs while insurance coverage is in force."

(2) The definition may provide that injuries shall not include injuries for which benefits are provided or available under any workers' compensation, employer's liability or similar law, or motor vehicle no-fault plan, unless prohibited by law.

(c) "Benefit period" or "Medicare benefit period" shall not be defined more restrictively than as defined in the Medicare program.

(d) "Convalescent nursing home", "extended care facility", or "skilled nursing facility" shall not be defined more restrictively than as defined in the Medicare program.

(e) "Health care expenses" means expenses of health maintenance organizations associated with the delivery of health care services, which expenses are analogous to incurred losses of insurers. Such expenses shall not include the following:

- (1) Home office and overhead costs.
- (2) Advertising costs.
- (3) Commissions and other acquisition costs.
- (4) Taxes.
- (5) Capital costs.
- (6) Administrative costs.
- (7) Claims processing costs.

(f) "Hospital" may be defined:

- (1) in relation to its status, facilities, and available services; or
- (2) to reflect its accreditation by the Joint Commission on Accreditation of Hospitals;

but not more restrictively than as defined in the Medicare program.

(g) "Medicare" shall be defined in the policy and certificate. Medicare may be substantially defined as "The Health Insurance for the Aged Act, Title XVIII of the Social Security Amendments of 1965 as Then Constituted or Later Amended", or "Title I, Part I of Public Law 89-97, as Enacted by the Eighty-Ninth Congress of the United States of America and popularly known as the Health Insurance for the Aged Act, as then constituted and any later amendments or substitutes thereof", or words of similar import.

(h) "Medicare eligible expenses" ~~shall mean~~ **means** expenses of the kinds covered by Medicare, to the extent recognized as reasonable and medically necessary by Medicare **Parts A and B**.

(i) "Physician" shall not be defined more restrictively than as defined by Medicare.

(j) "Sickness" shall not be defined to be more restrictive than the following:

(1) "Sickness means illness or disease of an insured person ~~which~~ **that** first manifests itself after the effective date of insurance and while the insurance is in force."

(2) The definition in subdivision (1) may be further modified to exclude sicknesses or diseases for which benefits are provided under any workers' compensation, occupational disease, employer's liability, or similar law.

*(Department of Insurance; [760 IAC 3-3-1](#); filed Jul 8, 1993, 10:00 a.m.: 16 IR 2564; errata filed Sep 20, 1993, 5:00 p.m.: 17 IR 200; readopted filed Sep 14, 2001, 12:22 p.m.: 25 IR 531; filed Nov 21, 2006, 7:19 a.m.: [20061220-IR-760060077FRA](#))*

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